Risk Matters

A Publication Dedicated to Risk Management In Montana State Government

Department of Administration, July 2004, Volume 14, No. 2

IN THIS ISSUE

AUTO LIABILITY & PHYSICAL DAMAGE

State agencies own or lease an estimated 9,000 vehicles per year. These vehicles are used for driver functions including highway maintenance, law enforcement, construction, regulatory activities, and 'off-road' travel. Due to the time and distance involved in traveling state highways, state and university department employees accumulate millions of driving miles each year in-state and out-of-state. The diverse and 'high-risk' nature of vehicle operations, coupled with the time and distance involved in traveling, present significant liability exposure for state agencies.

Efforts to mitigate risk through defensive driver training, implementation of policies and procedures, and effective claims management have been very successful. Approximately 5,300 state employees have attended training since 1998. In brief, the frequency of claims per 100 vehicles, as shown in the table below, has decreased. The average cost per claim has remained relatively constant despite an increase in the number of vehicles.

Auto Liability and Physical Damage

Fiscal Year	# of Claims	# of Vehicles	Frequency per 100 Vehicle	Average Cost Per Claim
1998	281	7,907	3.55	$3,670
1999	357	7,370	4.84	$2,164
2000	355	8,013	4.43	$2,482
2001	429	8,439	5.08	$2,251
2002	470	9,303	5.05	$2,413
2003	400	9,187	4.35	$1,979
2004	294	8,958	3.28	$2,549

To Belt or Not to Belt

With summer in full swing and State employees are getting out on the roads more, to satisfy that pesky "Wanderlust", you need to be aware of some facts. Many of the accident reports we get from the highway departments are fatal because one or all of the people did not wear a seatbelt.

The figures are familiar:
40,000 people die each year in car accidents, the leading cause of death for people under the age of 35. Safety belts can prevent death in about half of these accidents. If you know this and are still not wearing a safety belt, you may need to ask yourself why not? But first, let's look at what happens when a car crashes.

The Human Collision
Imagine running as fast as you can into a wall. You'd expect to get pretty banged up. Do you think you could stop yourself if the wall suddenly loomed up when you were two feet away from it? This is exactly the situation you face when the front of your car hits something at only 15 miles an hour. The car stops in the first tenth of a second, but you keep on at the same rate you were going in the car until something stops *you,* the steering wheel, dashboard or windshield, if you're not wearing your safety belt. Bad enough at 15 miles an hour, but at 30 miles per hour you hit "the wall" four times as hard as you would at 15 mph. Or to put it another way, with the same impact you'd feel as if you fell three stories. A properly worn safety belt keeps that second collision, the human collision, from happening.

Wear It Right
"Properly worn" means with both straps snugly fitted to transfer the

impact of the collision to the parts of your body that can take it - your hipbones and shoulder bones. With just the shoulder strap on, you can still slide out from under it and be strangled, while the lap belt alone doesn't keep your face from hitting the steering wheel.

What's Your Reason For Not Wearing One?
"I'm only going to the shopping center." Actually, this is the best time to wear a safety belt, since 80% of traffic fatalities occur within 25 miles of home and under 40 miles an hour.

"I won't be in an accident: I'm a good driver." Your good driving record will certainly help you avoid accidents. But even if you're a good driver, a bad driver may still hit you.

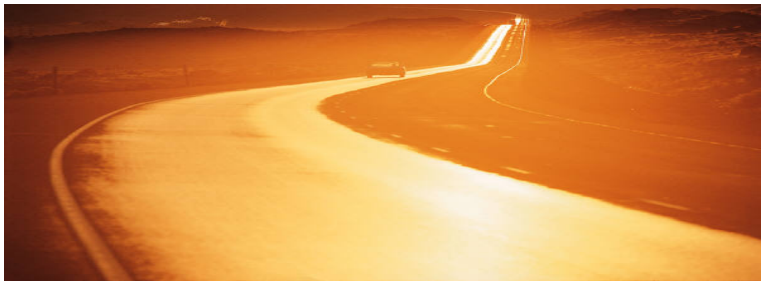
"I'll just brace myself." Even if you had the split-second timing to do this, the force of the impact would shatter the arm or leg you used to brace yourself.

"I'm afraid the belt will trap me in the car." Statistically, the best place to be during an accident is in your car. If you're thrown out of the car, you're 25 times more likely to die. And if you need to get out of the car in a hurry - as in the extremely tiny percent of accidents involving fire or submergence, you can get out a lot faster if you haven't been knocked unconscious inside your car.

"They're uncomfortable." Actually, modern safety belts can be made so comfortable that you may wonder if they really work. Most of them give when you move - a device locks them in place only when the car stops suddenly. You can put a little bit of slack in most belts simply by pulling on the shoulder strap. Others come with comfort clips, which hold the belt in a slightly slackened position. If the belt won't fit around you, you can get a belt extender at most car dealerships.

"I don't need a belt - I've got an airbag." Lucky you! An air bag increases the effectiveness of a safety belt by 40 percent. But air bags were never meant to be used in place of safety belts, since they don't protect against side impacts at all. Be careful out there and ***WEAR YOUR SEATBELT*** at **all** times!!

Each year state employees are needlessly injured or killed in vehicle accidents. Don't become a STATISITC!



Get Out! And Stay Out!

When there's a fire in a building, the safest place to be is somewhere else. Exit routes are designed to help you get there.

Federal standards exist for the design and construction of exit routes, maintenance, safeguards, and operational features of exit routes. With these standards in place, the requirements are still pretty logical. For example, fire exits must be safe places. Special walls and doors, which resist fire for at least one hour or longer separate exit routes from the rest of the building. Fire doors must meet this requirement. When a fire door fully closes and latches it secures the fire on the other side for a designated minimum period of time. The secret here is that the door must fully close and self-latch. If it does not close the fire may build pressure and force the door open allowing the fire to pass.

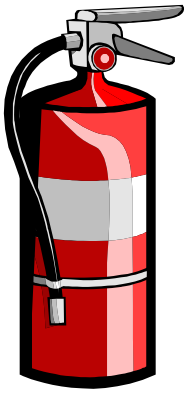
Most stairwells are safe-havens as well. If you exit to a properly maintained stairwell you will be in a more safe location. To be properly maintained, all doors to the stairwell must fully close to keep fire out of this exit route. Placing wedges or doorstops in front of any fire door should not be practiced. Doorstops require somebody to either delay their own exiting of the dangerous location, or somebody to approach the possibly fire infested doorway to remove the stop. In either case a simple door wedge may endanger somebody's life.

Stairwells and other exit routes should be kept clear. There are size dimension requirements for a route of egress: generally at least 28 inches minimum. Plants, boxes, trashcans, furniture and any other items should be kept out of the route so people are not tripping over them or finding any other hazard. Certainly combustibles should be limited in routes of egress. Combustibles such as paper to be recycled and other items can catch fire and completely spoil a route of egress.

The doors to routes of egress must be marked with a clearly visible sign reading, "EXIT" and no other obscuring decorations. Any doors or routes that could be mistaken as routes of egress must be marked "Not an Exit" or similar, or signed to their actual use.

Of course egress route doors cannot lock people in. But they can lock people out, after all, why would people want to go back in to a building or room afire? The idea of an egress route is to get people away from the hazard. In the same note, routes of egress cannot lead people to or past areas of higher danger such as fuel storage areas.

There are many other requirements and these discussed here are only general. You can consult OSHA standards 1910.36 and 37, and other standards for more specifics. In general, the idea of routes of egress is to get people out of danger, or to get out and stay out!



LEAKS

LEAKS can cause MOLD to become a problem in your building.

Now that summer is here, take some time to give your building a check up.

ROOFS SHOULD BE EXAMINED CLOSELY AND PATCHED. Look for those telltale discoloration marks on ceilings and walls. Examine your roof for any cracked, broken or missing shingles. Be sure to look at the flashing points where pipes, vents, and chimneys come through the roof. This is where most leaks occur. Use roofing cement to secure any loose flashing. Also, patch any gaps around pipes with roofing cement. Keep gutters and spouts clean and free-flowing.

Other places to inspect:

- backed up sewer
- combustion appliances (e.g. stoves) not exhausted to the outdoors
- constant plumbing leaks
- damp basement or crawl spaces
- flooding
- house plants - watering can generate large amounts of moisture

Do You Value Your Buildings?

A very important responsibility of the Risk Management & Tort Defense Division is to ensure the State's property is valued correctly for insurance purposes. Due to recent changes in the State's commercial property insurance policy, the replacement cost of a building is limited to 125% of the listed value. Therefore, is it essential that all building values are accurate; otherwise, the building may be underinsured.

To address this issue, RMTD completed a competitive bid process last summer for our property appraisal services. The Division procures appraisals every year for a specified list of properties to obtain current replacement values for insured properties. RMTD received many proposals from well-qualified firms from across the country. After a thorough review, MAXIMUS – Asset Management Division was awarded the seven-year contract for property appraisal services.

All buildings above an estimated $500,000 in replacement cost are appraised by MAXIMUS as funding permits. Due to these changes in the State's commercial property insurance, accurate replacement costs for buildings are of utmost importance. The Division is also considering increasing the number of appraisals each year to create a five-year cycle for all building appraisals, dependent upon the availability of funding. If the building is valued under $500,000, RMTD uses standardized rates for specific building occupancy types to calculate a value based on square footage and consults with the Architecture and Engineering Division for building valuation.

What can you do to ensure your buildings are valued correctly? Each agency is responsible for reviewing their properties for accuracy each spring in the Property/Casualty Insurance Information System (PCIIS). If an agency does not agree with values listed in the Property/Casualty Insurance Information System they have three options to adjust the value:

- The agency may provide an alternative value, which will be reviewed by the Risk Finance Specialist.
- The agency may request an appraisal from the Risk Management & Tort Defense Division.
- All appraisals can be viewed online through PCIIS. If you would like to view an appraisal and do not already have access to PCIIS, please contact RMTD to receive information.

U-Turn/My-Turn

Fictitious Officer Target observes a reckless motorist headed in the opposite direction. He quickly responds by activating his lights, slowing down and checking his side and rear-view mirrors for other traffic. He notices approaching traffic and decides he has time to safely make the u-turn.

WRONG! Before he or the other driver has time to react their vehicles collide.

This is just one of the numerous scenarios the insurance industry sees regarding accidents involving u-turns. Several have occurred because the person making the u-turn has underestimated the speed of the approaching vehicles and the approaching vehicles are not given enough time to react. These types of accidents seldom involve minor costs and are always preventable.

The National Safety Council generally defines a preventable accident as: "…any occurrence involving a motor vehicle which results in personal injury and/or property damage, regardless of who was injured, what property was damaged, to what extent or where it occurred, in which the driver in question failed to exercise **every reasonable precaution to prevent the occurrence."**

The number of u-turn accidents this office receives per year may not account for many of the accidents, but without doubt, they tend to be the more costly.

One claim settled for $32,000.00, total costs paid by our

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U-Turn/My Turn continued from page 4

office equal $48,000.00. Another settled for $13,500.00, total costs paid to date are $21,000.00. One yet to settle, costs to date are $15,000.00.

These are only a few examples of cost related claims our office has handled involving u-turns. Please take extra precautions while driving and remember that u-turn accidents are always preventable.

Do you know when a u-turn is allowed or what the law says?

§61-8-334. Limitation on U-turns – turning on curve or crest of grade prohibited. An operator of a vehicle may not turn the vehicle to proceed in the opposite direction:

1) unless the movement can be made safely and without interfering with other traffic; or

2) upon any curve or upon the approach to or near the crest of a grade where the vehicle cannot be seen by the operator of any other vehicle approaching from either direction within 500 feet.

Keep in mind that whether you are driving a state vehicle or your family car, with the multitude of hazards that exist, reality tells us that accidents are going to happen. The important thing is that we learn from accidents and do everything that we can to prevent them from happening again. Never make a u-turn unless you are 100% sure you will not cause an accident. Your life or the life of others depend on the choice you make.

TELECOMMUTING Responsibilities

Being able to work at home may be considered a benefit in many cases, but there are some responsibilities that go along with it. Most telecommuters have state property assigned to them for use. All of this personal property of the state held by the telecommuter or in the telecommuter's care, custody or control, is covered under the state's property insurance policy.

This property is typically covered under most homeowner's policies subject to a $2,000 limit or whatever the specific policy provides for business equipment in the care, custody, and control of the homeowner (or the telecommuter).

The Risk Management & Tort Defense Division agrees to cover direct loss or physical damage to real property owned by the state that is in the care, custody, and control of the telecommuter, provided that he/she is an authorized employee of the state as defined in §2-9-101, MCA. The state's coverage is in excess of the employee's homeowner insurance. Agencies are responsible for a $1,000 deductible per occurrence.

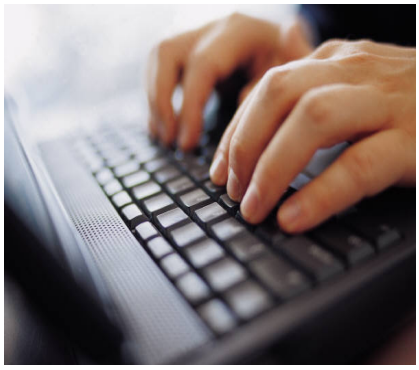
EXCLUSIONS

- Mysterious disappearances.
- Damages that were within the ability of the telecommuter to prevent, but were not prevented, such as failure to protect the equipment from intentional damage inflicted by residents of the home, failure to protect the property from additional damage caused by covered perils (i.e. flood) after the loss occurred.
- Damages where adequate security for the property (i.e. leaving the home unlocked, leaving valuable state property in an open vehicle, etc.) was not provided and may not be covered.

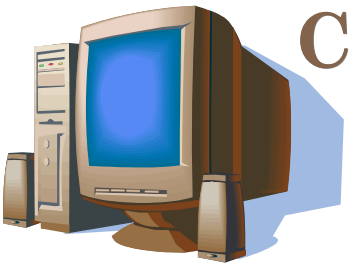
TELECOMMUTER RESPONSIBILITIES

Telecommuters must take reasonable and precautionary steps to protect state property from being stolen.

Telecommuters must take reasonable and precautionary steps to limit damages to state property once a loss has occurred. Example: After a flood loss, the telecommuter should move the state's equipment to higher ground, or if it has been damaged already, move it to a dry area.



The telecommuter and his/her supervisor must promptly complete the Report of Incident and follow the procedures found on the division's website or in the Risk Management Procedures Manual.

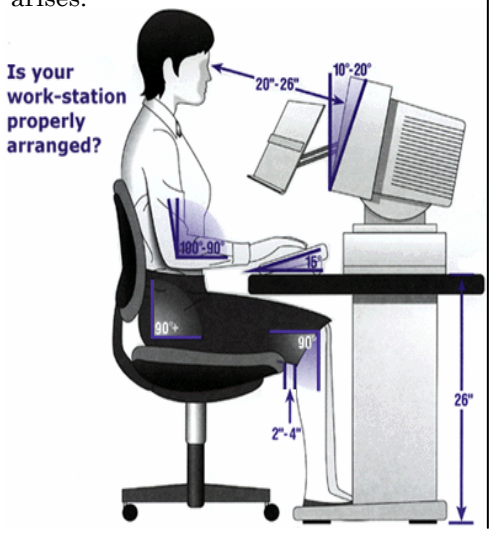


Computer Eye Strain

Eye Strain can have various meanings! Eye examiners/specialists usually describe it as Asthenopia. There are however various causes of Asthenopia including focusing spasm, different vision in each eye, astigmatism, hyperopia (far-sighted), myopia (near-sighted), excess light, voluntary focusing, eye coordination difficulties and more.

When looking at a Visual Display Terminal (VDT) one tends to blink less than when performing other tasks. This results in the eyes getting moistened less often. Posture is an issue because when one's head is normally tilted down; i.e., when reading text from paper, the eye lids cover a good proportion of the eye. In contrast, when one's head is erect the eyes are open wider. The evaporation of the tears increases when the eyes are opened wider, so this along with a lower blink rate, increases the risk of dry eyes.

Dry eyes can be particularly bothersome for contact lens wearers, and these problems are likely to increase as one gets older. Dry eye problems can be reduced by using appropriate ocular lubricants to re-wet the eye surface before discomfort arises.



Other methods for reducing eye strain include increasing font sizes or lowering the resolution of the screen, which makes objects larger and increases the refresh rate (less flicker). You may also be surprised to know that backgrounds and text colors can reduce eye strain.

Positioning of the VDT is actually an important issue. Ideally the VDT should be 18-30 inches away from the eyes or at arm's length. Additionally, the top of the screen should be at eye level or below so that you look down at your work. If your VDT is placed on the desktop or CPU unit, then remove the CPU and place it to the side or on the floor.

A Look at Property

State agencies and universities own or lease 4,677 properties with an estimated current replacement cost of $2.5 billion. In addition, the state owns 474 boilers and hundreds of fine art objects with an estimated market value of over $200,000,000. In accordance with §2-9-102, the Risk Management & Tort Defense Division self-funds losses that fall below commercial insurance deductibles of $250,000 per occurrence. The division purchases catastrophic excess insurance to cover unexpected losses that are beyond the ability of the state to self-fund.

As indicated in the table on the next page, total paid expenses have fluctuated since FY98. Property losses are difficult to predict. Increases in insured values and the costs of excess property insurance premiums account for much of the increase through FY04. Insurance industry underwriting losses coupled with a reduced investment income from stocks and bonds have had a significant impact on the availability and affordability of commercial insurance. Property insurance carriers have also been "reeling" from declining investment income in stock markets. As a result, the state's property insurance premiums are expected to increase approximately 15% in FY06 and FY07.

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Property continued from page 6

Fiscal Year	# of Claims	Insured Value	Frequency per $100,000 value	Total Paid	Average Cost-Per Claim
1998	74	2,045,320,254	0.004	1,715,880	23,188
1999	75	2,156,426, 884	0.003	1,636,543	21,821
2000	86	2,213,673,723	0.004	1,848,716	21,497
2001	85	2.247,073,783	0.004	1,620,131	19,060
2002	86	2,418,173,757	0.004	1,979,425	23,017
2003	76	2,592,204,696	0.003	1,546,299	20.346
2004	46	2,763,790,172	0.002	2,216,649	48,188

Have You Checked Your Data Sheets Lately?

Material safety data sheets (MSDS) are required under the hazard communication standard and are intended to give employers and employees the info needed to prevent injuries and illnesses caused by hazardous chemicals.

Accurate and reliable MSDS are essential to protecting workers, and inaccurate MSDS have contributed to accidents involving toxic chemicals. Someone at each department/location should be responsible for inspecting the MSDS and keeping them up to date. Discard obsolete sheets, replace changed product sheets and add new product sheets.

Not sure what hazardous materials are? Not sure what a data sheet is? Risk Management & Tort Defense is offering a live 60 minute audio conference on the Hazardous Communication (Hazcom) rule. The call will be on July 27th, from 10:30am-12:00pm.

For more information refer to our training website at:

http://www.discoveringmontana.com/doa/rmtd > Training >Training schedule and registration

These are some of the topics that will be covered on the call:

- How to determine which chemicals in your facility are covered under Hazcom.
- What substances must be labeled, by whom, and what info must be included.
- How to reduce workers' compensation costs by eliminating chemical exposures and accidents.
- How to determine which chemicals in your facility are covered under Hazcom.

the *"No-Zone"*

The "No-Zone" represents the dangerous blind spots around trucks and buses, known as commercial motor vehicles (CMVs), where crashes are more likely to occur, where cars and other vehicles "disappear" from the view of the CMV driver. There are five No-Zone areas that all drivers should be aware of when sharing the road with CMVs.

1. Side blind spots
2. Rear blind spots
3. Front blind spots
4. Wide right turns
5. Backing up

Side blind spots

The blind spots on both sides of CMVs are much larger than those around a car. Motorists often believe they are in a safe area when driving alongside a CMV. But this is not the case. When a vehicle travels in these blind spots for any period of time it cannot be seen by a CMV driver. If a truck or bus driver needs to change lanes, contact with any vehicle in the blind spot could occur.

Rear blind spots

CMVs have a deep blind spot directly behind the vehicles. When driving directly behind a CMV, the truck or bus driver cannot see the vehicle, and the driver of the vehicle severely reduces his/her own view of traffic.

Continued on page 8

"*No-Zone*" continued from page 7

Following too closely increases the chances of a rear-end collision with a CMV.

Front blind spots

Another critical No-Zone area is just in front of a CMV. When a vehicle cuts in front of a CMV too soon after passing, then abruptly slows down, the CMV driver is forced to compensate with very little time or room to spare. A motorist should be able to see the entire cab of the CMV in his/her rear-view mirror before pulling in front of the CMV.

Wide right turns

When making a right turn, a CMV driver cannot see vehicles that are directly behind or beside the vehicle. Cutting between a truck or bus and the shoulder or curb to the right of the CMV increases the possibility of a crash.

Backing up

When a CMV backs up, it may block the street or roadway in order to maneuver properly. Another motorist should **never** cross behind a CMV that is preparing to or is in the process of backing up. Vehicles that attempt this maneuver are entering a blind spot.

Living in LION Country

Summer is the time many people hike the hills and mountains we are so fortunate to live among. Much of Montana is prime mountain lion habitat. Here are some general hints of what to do if you should encounter a mountain lion on your jaunts:

- Don't hike alone. When walking or hiking in lion country, do so in groups and make plenty of noise to reduce the chances of surprising a lion.
- Keep children close to adults. Children should remain under supervision at all times.
- Never approach a lion. All lions are unpredictable. Most lions will try to avoid a confrontation, so give them a way to escape.
- Stay calm when confronted by a mountain lion. Move slowly at all times.
- Don't run, back away slowly but safely. Sudden movement or running may stimulate the lion's instinct to chase and attack. Face the lion and stand upright. If small children are present, pick them up so they don't run off.
- Do everything possible to appear larger. Raise your arms and open your jacket. If the lion behaves aggressively, throw stones, branches or whatever you can get your hands on without crouching down or turning your back. Convince the lion that you are not prey and that you may in fact be a danger to the lion.
- Fight back if a lion attacks. Lions have been driven away by prey that fights back. People have fought back successfully, using rocks, sticks, fishing poles, garden tools, or bare hands. Try to remain standing and face the animal.

If you have an encounter with a lion, you should contact the Montana Fish, Wildlife and Parks Department immediately or your local game warden, sheriff's office or dial 911.

TRAINER *EXTRAORDINAIRE*

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Trainer continued from page 8

WY-MT Safety Council Board President Don Burkhart presenting the award to Aric

Aric Curtiss of RMTD was presented the Montana Safety Trainer of the Year award for 2003 at the Wyoming-Montana Chapter of the National Safety Council's 2004 Conference last month. He wanted to "...thank those of you who nominated me for this recognition; supported that nomination; and supported me".

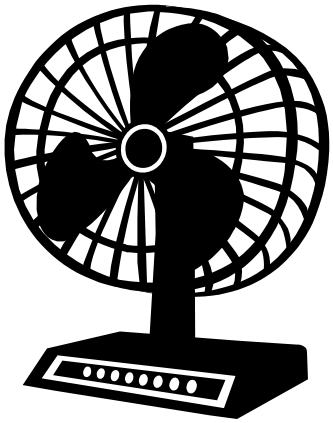
Get the Information

The U.S. Consumer Product Safety Commission continually informs the public about various products they deem to be unsafe. You can visit their website and register to receive their daily notifications by visiting www.cpsc.gov. You can also search recalls and safety alerts by product type, company, product description, or date.

Recently 13,500 window air conditioners were voluntarily recalled by the manufacturer, Fedders. These units posed a variety of risks of fire, brand names Fedders, Maytag, and Comfort-Aire. This single recall joins other recalls of air conditioners with brand names White-Westinghouse, Frigidaire, Kenmore, and Amana which involve nearly 160,000 units. It's possible you may have one of these units. Visit www.cpsc.gov to find out.

It is more likely that you have a cordless power tool in your shop, or your local maintenance person carries one. Chances are that the Consumer Product Safety Commission has issued a recall on that tool. They have issued recalls involving approximately 3,430,000 DeWalt battery chargers and batteries. Skil (Bosch) has voluntarily recalled about 2,000,000 chargers for their Warrior cordless drill. Black & Decker, Wagner, and Hitachi added approximately 1,416,000 more recalled cordless drills or their battery chargers. Add it up and that's more than 6.8 million cordless drills. Each of these units posed a variety of fire risks that could burn down your shop or home.

As warmer weather draws near you should review the fans you will be putting to use. Well over 1.3 million fans, mostly 16" or smaller, have current recalls posted by the CPSC.



This article is not intended to discredit any manufacturer but to inform you of the mass number and variety of consumer products existing with unsafe characteristics. There is a fair chance you have a recalled item near you. The U.S. Consumer Product Safety Commission has over 15,000 types of products under their jurisdiction. Deaths, injuries and property damage incidents involving these products cost the nation more than $700 billion annually. To reduce the share of these costs to you and your employer you can visit the CPSC website and inform yourself of recalls and safety alerts affecting you.

Reduce Your Tax Bill

Everyone knows April 15th is the deadline to pay your income taxes. By this date you have either sent your check to the Montana Department of Revenue, or, if you were fortunate, you may have sent them your forms requesting a refund of what you overpaid. Either way you probably wish you kept more of your own money. Well, if you are a state employee you might be able to. How? The answer is by driving more defensively and safely.

We all understand that your tax dollars go to fund the operation of government. Portions of your taxes go to maintain the roads we travel; protect our environment; provide for our health and security, and so much more. Your taxes also fund the self-insurance fund required to protect your investment in government. When an incident involves a state asset like a state vehicle, money is needed to indemnify those involved. That money is ultimately your tax dollars. If we can reduce or minimize those incidents it would follow that less money is needed to fund them, and therefore, you and I could reduce our tax bills.

Montana Department of Revenue estimated that about 480,000 people filed Montana income tax returns for 2002. This number probably includes you and does include me. While there are many other taxes and fees that fund government, let's hypothetically say that any savings we net goes only to income tax payers. What can your safe driving save you?

If during the last fiscal year state and university employees drove more defensively and avoided vehicle collisions where they struck other vehicles:, they could have saved the state the expense of the resulting insurance claims. You and I and the average income tax payer could also have saved $1.08 on our tax bill. Just avoiding rear end collisions alone would save you and I seventy-eight cents.

If state and university employees used more defensive driving strategies and avoided collisions

with animals and objects other than vehicles, you and I could have reduced our income taxes by another seventeen cents.

Other defensive driving techniques and strategies could prevent other types of accidents, saving us even more on our tax bills. Sure, it doesn't quite eliminate our need to pay taxes but every penny less that I have to pay feels good and they all add up. As they say, safety pays. Here you can see safety saves!

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406-444-2421

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Chief Defense Counsel– Bill Gianoulias	*2438*
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